

Authorization of Non-Appropriated Capital Improvements Projects

The Board of Governors biennially adopts a six-year plan for capital improvements. In addition to including projects to be funded from the General Fund for projects directly related to teaching, research, and public service (approved by the Board in November 2008), the Board also plans for projects funded from non-General Fund sources to construct residence halls, parking decks, athletic facilities, student recreation facilities, and other receipts.

The University is now ready to proceed with the 2009-10 plan for projects to be funded from non-General Fund resources. The following pages contain descriptions of each proposed project as well as the sources of project financing.

The projects in this year's package were evaluated by UNC General Administration. Each project was reviewed on the basis of its need and its benefit to the University, with a focus on each project's alignment with the findings and recommendations of the UNC Tomorrow Commission. Projects were also evaluated for the impact of the project on the benefits and costs to students as well as the ability of the campus to pay for the project, as requested, without a negative impact on the institution's credit rankings. A chart evaluating the impact of additional debt is attached. Criteria used for ability to pay are: (1) Debt Burden Ratio [Percentage], which measures the University's ability to repay annual principal and interest associated with all outstanding debt and its effect on the overall budget; (2) Viability Ratio [times coverage], which measures the availability of liquid and expendable net assets compared to aggregate debt; and, (3) Moody's Investors Service's QRate, a predictive tool provided by Moody's which relies on five key performance measures and statistics to arrive at an estimated rating before and after the issuance of additional debt. A detailed financial plan will be reviewed for each project in consultation with financial advisors and bond counsel before bonds are issued and construction

contracts are awarded. Final approval for the issuance of bonds is the responsibility of the Board of Governors.

It is recommended that the Board approve 21 new or supplemental capital improvements projects at 11 institutions totaling \$214,891,500, of which \$183,112,600 is projected to be indebtedness. The projects will be forwarded to the General Assembly for authorization during the 2009 Session. It is further recommended that the Vice President for Finance be authorized to make refinements to the request in the interest of accuracy and completeness.

Table I
THE UNIVERSITY OF NORTH CAROLINA
2009 Non Appropriated Projects Request

Institution	Project	Total (\$)	Cash (\$)	Debt (\$)	Source of Funds	New/ Increase Debt Service Fees (\$)
ASU	Cone Residence Hall Renovation	12,085,300		10,000,000	Housing Receipts; 2008 Appropriations	-
ASU	Kidd Brewer Stadium Improvements	19,068,000	2,085,300	15,000,000	Gifts; Athletic Receipts	-
ECU	Dining Facilities Improvements	1,400,000	-	1,400,000	Dining Receipts	-
ECU	Residence Halls Improvements and Expansion	11,000,000	-	11,000,000	Housing Receipts; 2008 Appropriations	-
ECSU	Residence Hall Fire Suppression Sprinkler System Installations	1,115,600	1,115,600	-	Housing Receipts; 2008 Appropriations	-
NCA&T	Graduate Engineering Center	4,100,000	4,100,000	-	Federal Title III Grant	-
NCSU	West Lot Parking Deck	21,850,000	-	21,850,000	Parking Receipts	-
NCSU	Centennial Campus Enterprise Services Building	3,600,000	-	3,600,000	Centennial Campus Receipts	-
NCSU	Athletic Facilities Renovations and Expansion	11,500,000	-	11,500,000	Student Debt Service Fee; Receipts	30*
NCSU	Dining Facilities Improvements	5,000,000	-	5,000,000	Dining Receipts	-
NCSU	NC State Creamery Building	4,100,000	-	4,100,000	Gifts; Creamery Receipts	-
NCSU	Carmichael Complex Improvements	7,400,000	-	7,400,000	Student Debt Service Fee	23*
UNC-CH	Residence Hall Fire Suppression Sprinkler System Installations	7,266,000	4,730,000	2,536,000	Housing Receipts; 2008 Appropriations; Repairs and Renovations	-
UNC-CH	Carolina Inn Renovation	10,000,000	10,000,000	-	Inn Receipts	-
UNC-CH	Dean Smith Student Activity Center Renovation and Expansion	7,500,000	-	7,500,000	Athletic Receipts	-
UNCC	Parking Facilities Expansion	5,000,000	4,180,000	820,000	Parking Receipts	-
UNCC	Partnership, Outreach, and Research for Accelerated Learning Building	35,000,000	-	35,000,000	Facilities and Administrative Receipts	-
UNCG	Guilford and Mary Foust Residence Hall Renovations	4,527,000	-	4,527,000	Housing Receipts	-
UNCP	West Hall Replacement	36,331,300	1,000,000	35,331,300	Housing Receipts	-
UNCW	Dining Facilities Renovations and Expansion	5,000,000	-	5,000,000	Dining Receipts	-
WCU	Bookstore Renovation	2,048,300	500,000	1,548,300	Bookstore Receipts	-
	Totals	214,891,500	31,778,900	183,112,600		53*

* This new debt service fee is part of the \$88 total increase in Indebtedness Fees approved for NCSU by the Board of Governors in February 2009.

Appalachian State UniversityCone Residence Hall Renovation – \$12,085,300

This project will renovate Cone Residence Hall. Built in 1969 with 58,803 square feet, the project will include renovation of the mechanical, electrical, and plumbing systems; fire suppression sprinkler system installation; ADA upgrades; door and window replacement; asbestos removal; elevator installation; and bathroom renovations. The project will be financed from indebtedness to be repaid from housing receipts.

Kidd Brewer Stadium Improvements – \$19,068,000

This project will supplement the Kidd Brewer Stadium Improvements project that was approved by the 2008 General Assembly (\$2,068,000); complete and equip the Kidd Brewer Stadium Field House project that was part of the Athletic Facilities project approved by the 2003 General Assembly (\$7,000,000); make the improvements necessary for the Kidd Brewer Stadium complex to comply with current life safety codes and accessibility requirements (\$4,000,000); acquire the Sofield Indoor Practice Facility constructed by the Appalachian State University Foundation, Inc. (\$3,500,000); and make Kidd Brewer Stadium site, road and utility infrastructure improvements (\$2,500,000). This project will not increase tuition or fees. The project will be financed from indebtedness to be repaid from athletic receipts, gifts, and income generated by suite rentals and a premium seating program. It is estimated that \$6.5 million will come from gifts, with \$4.6 million currently on hand as cash, and over \$1.6 million per year in revenue from tickets sales, suite rentals, and premium seating. When sufficient funds are available and before additional debt is issued, the President, the Chancellor, and the Executive Board of the Appalachian State University Foundation, Inc. will give final approval of the financing plan.

East Carolina UniversityDining Facilities Improvements – \$1,400,000

This project was previously approved by the 2008 General Assembly. The proposed increase will allow additional seating in the new Croatan Café dining facility as well as provide the necessary equipment to support branded food concepts in the new Croatan Café and the renovated Wright Place facility. The project will be financed from indebtedness to be repaid from dining receipts. The total project cost will now be \$11,100,000.

Residence Halls Improvements and Expansion – \$11,000,000

This project was previously approved by the 2008 General Assembly. The proposed increase will allow a comprehensive, instead of a partial, renovation of Tyler Residence Hall (built in 1969 with 96,105 square feet). Work will include renovation of the mechanical, electrical, and plumbing systems; fire suppression sprinkler system installation; ADA upgrades; door and window replacement; asbestos removal; and bathroom renovations. The project will be financed from indebtedness to be repaid from housing receipts. The total project cost will now be \$39,500,000.

Elizabeth City State University**Residence Hall Fire Suppression Sprinkler System Installations – \$1,115,600**

This project will complete the installation of fire suppression sprinkler systems in Wamack Residence Hall (built in 1969 with 28,577 square feet) and Mitchell-Lewis Residence Hall (built in 1969 with 38,019 square feet). The project will be financed from a combination of housing receipts (\$914,400) and funds appropriated in 2008 to install fire suppression sprinkler systems in existing residence halls (\$201,200).

North Carolina Agricultural & Technical State University**Graduate Engineering Center – \$4,100,000**

This project will construct an approximately 10,500 square-foot, one-story building near McNair Hall. The building will provide academic assistance support space, seminar rooms, and graduate student open office areas for the College of Engineering. This project will be financed from available federal Title III grant funds. This project will not have an impact on tuition and fees.

North Carolina State University**West Lot Parking Deck – \$21,850,000**

This project will construct a 920 space parking deck on the existing 400 space West Lot surface parking lot. To be located at the intersection of Varsity and Sullivan Drives, this parking deck will continue the consolidation of parking areas into easily accessed parking decks while creating additional building areas and campus green space. The project will be financed from indebtedness to be repaid by parking receipts.

Centennial Campus Enterprise Services Building – \$3,600,000

This project will build an approximately 12,000 square-foot facility that will provide 8,000 square feet of food service space, 2,000 square feet of bookstore space, and 2,000 square feet of additional retail space in the heart of Centennial Campus. The project will be financed from indebtedness to be repaid from Centennial Campus receipts. This project will not have an impact on tuition and fees.

Athletic Facilities Renovations and Expansion – \$11,500,000

This project will make improvements and expansions to multiple athletic and recreational locations on campus. Work will include Phase II of the Track and Soccer Complex Improvements project; Phase II of Tennis Facilities Improvements project; spectator improvements at Doak Field and Reynolds Coliseum; and a new roof for the Weisiger-Brown General Athletics Facility. The project will be financed from indebtedness to be repaid from a new \$30 debt service fee and receipts. The proposed debt service fee was approved by the NCSU Board of Trustees with student participation, as required by the Board's tuition and fee policy. The new \$30 debt service fee is part of the \$88 total increase in Indebtedness Fees approved for NCSU by the Board of Governors in February 2009.

Dining Facilities Improvements – \$5,000,000

This project will make improvements to multiple dining facilities on campus including the Fountain Dining Hall (built in 1982 with 33,344 square feet) and the Atrium Food Court (built in 1952 with 14,684 square feet) in the Erdahl-Cloyd Wing of the D.H. Hill Library. Improvements will include code and accessibility improvements, increased seating capacity, and mechanical and electrical system upgrades.

NC State Creamery Building – \$4,100,000

This project will build an approximately 16,000 square-foot facility to support the retail sale of dairy products produced by the Schaub Hall dairy processing plant. The building will include a teaching and training facility for the Department of Animal Science and space for the NCSU Dairy Extension Service. The project will be financed from indebtedness to be repaid from gifts and Creamery receipts.

Carmichael Complex Improvements – \$7,400,000

This project will address critical repair and renovation needs for the Carmichael Complex to include the infrastructure repairs to both the 25-yard pool and the 50-yard pool; repairs and improvements to 12 tennis courts; replacement of field lighting and fencing for Upper and Lower Miller Fields (12 acres); plumbing repairs for the men's and women's locker rooms in the Complex; the replacement of the Carmichael Gymnasium Roof; and the installation of additional security equipment. The project will be financed from indebtedness to be repaid from a new \$23 debt service fee. The proposed debt service fee was approved by the NCSU Board of Trustees with student participation, as required by the Board's tuition and fee policy. The new \$23 debt service fee is part of the \$88 total increase in Indebtedness Fees approved for NCSU by the Board of Governors in February 2009.

University of North Carolina at Chapel HillResidence Hall Fire Suppression Sprinkler System Installations – \$7,266,000

This project will install fire suppression sprinkler systems in Craige Residence Hall (built in 1962 with 156,690 square feet), Ehringhaus Residence Hall (built in 1962 with 157,824 square feet), Grimes Residence Hall (built in 1922 with 21,752 square feet), Mangum Residence Hall (built in 1922 with 26,300 square feet), Manly Residence Hall (built in 1922 with 26,300 square feet), and Ruffin Residence Hall (built in 1922 with 21,752 square feet). The project will be financed from a combination of housing receipts (\$2,536,000), Repairs and Renovations funds (\$2,583,287), and funds appropriated in 2008 to install fire suppression sprinkler systems in existing residence halls (\$2,146,713).

Carolina Inn Renovation – \$10,000,000

This project will renovate 184 guest rooms covering approximately 55,723 square feet of the Inn's 118,780 total square feet. Work in the guest rooms will include new finishes and furnishings, bathroom improvements, and heating and cooling unit replacement. The second floor of the 1969 wing is planned to be reconfigured into "health" suites for patients receiving treatment at UNC Hospital and this new use will require adding a separate entrance and new elevator. The telecommunication and data infrastructure will be upgraded throughout the Inn.

The project will be financed from Carolina Inn receipts. This project will not have an impact on tuition and fees.

Dean Smith Student Activity Center Renovation and Expansion – \$7,500,000

This project will renovate and expand the Smith Student Activity Center (built in 1986 with 313,320 square feet). This facility originally housed the basketball program, the Athletic Director's offices, and the Educational Foundation. The Educational Foundation and the offices of the Athletic Director moved to the Ernie Williamson Athletics Center in 2007. With this proposed project, the Athletics Department is planning a 3,500 square-foot addition and the renovation of 8,000 square feet of existing space to address accessibility, code requirements, and improve basketball staff and team space. The project will be financed from indebtedness to be repaid from athletic receipts.

University of North Carolina at Charlotte

Parking Facilities Expansion – \$5,000,000

This project was previously approved by the 2005 General Assembly. Put on hold pending decisions surrounding the Charlotte Area Transit System's (CATS) routing of the Light Rail line through campus, the proposed increase will allow UNCC to offset increases in cost to the original scope of the project caused by this delay and to comply with the requirements of SB 668. The project will provide a new 1,000 space parking deck that will be located adjacent to the Laurel Residence Hall and will meet the demand created by enrollment increases and the academic mission outlined in UNC Tomorrow. The total project cost will now be \$19,000,000. The project will be financed from indebtedness to be repaid from parking receipts.

Partnership, Outreach, and Research for Accelerated Learning Building – \$35,000,000

This project, which received advance planning authority in 2008, will build an approximately 90,000 square-foot building that will be located on the Charlotte Research Institute campus (CRI) and will offer new opportunities for research, business development, entrepreneurial activity, and university partnerships. The building will provide flexible surge space for large research projects and house the Ben Craig Center Business Incubator and The UNC Charlotte Technology Transfer Office. Additional partner space is needed so that R&D companies can locate scientific and engineering teams on the CRI campus. The building will also contain a secure compartmentalized information facility (SCIF) to support classified research by university employees and partner companies. Estimated to cost \$35,000,000, the building will be funded from indebtedness to be repaid with Facilities and Administrative receipts.

University of North Carolina at Greensboro**Guilford and Mary Foust Residence Hall Renovations – \$4,527,000**

This project will update the group bathrooms in Guilford Residence Hall (built in 1927 with 35,205 square feet) and Mary Foust Residence Hall (built in 1927 with 35,205 square feet). The project will replace the existing single-pane, wood windows and install new insulated glass aluminum windows, new supply and waste water piping, new fixtures, new finishes, and will revise space layout to improve ADA accessibility. The project will also upgrade the existing fire alarm systems and install a fire suppression sprinkler system in each residence hall. The project will be financed with indebtedness to be repaid from housing receipts.

University of North Carolina at Pembroke**West Hall Replacement – \$36,331,300**

This project will replace the existing West Hall, a 204-bed residence hall. UNCP will demolish the existing West Hall (built in 1965 with 39,724 square feet) and acquire by purchase, lease or construction, the approximately 396 beds planned in the West Hall Replacement project. The cost of the project includes demolition of the existing West Hall and relocation of campus utility infrastructure, including fiber data distribution lines. \$1,000,000 of the needed residence hall planning and design funding was appropriated in 2006. The remaining project funding of \$35,331,300 will be financed with indebtedness to be repaid from housing receipts. The project is expected to begin construction in May 2010. The construction may be accomplished by leasing State land to The UNCP Foundation, Inc. for the time required to complete the project. Project plans and specifications will comply with UNCP and State design and construction requirements and regulatory review. When complete, the lease will end and the State will acquire the project. When sufficient funds are available and before additional debt is issued, the President, the Chancellor, and the Board of Governors will give final approval of the method-of-delivery for construction and the financing plan.

University of North Carolina at Wilmington**Dining Facilities Renovations and Expansion – \$5,000,000**

This project will renovate and expand Wagoner Dining Hall (built in 1989 with 38,345 square feet), renovate the existing dining space in the Warwick Center, and update the grab-and-go dining locations in Leutze Hall and Randall Library. Work in Wagoner Dining Hall will renovate the existing 2,000 square-foot kitchen including equipment replacement to comply with the energy reduction requirements; will add 8,000 square feet to increase capacity by 1,000 seats; and will modernize the building mechanical and electrical systems. Work in the Warwick Center will renovate the existing 1,200 square-foot dining space to improve energy efficiency and space utilization. The project will be financed from indebtedness to be repaid from dining receipts.

Western Carolina University**Bookstore Renovation – \$2,048,300**

This project will renovate the upper floor (10,905 square feet) of the WCU Bookstore (built in 1983 with 23,520 square). By providing more space for rental textbooks, the project will update the retail space area including new flooring, ceiling systems, lighting, display fixtures, and wall coverings. The existing building HVAC system will be replaced to improve reliability and energy efficiency; and the main entrance will be renovated to improve accessibility. The project will be financed from indebtedness to be repaid from bookstore receipts.

Impact of Additional Debt

	ASU		ECU		NCSU		UNC-CH		UNCC		UNCG		UNCP		UNCW		WCU	
	Current	With Add'l Debt	Current	With Add'l Debt	Current	With Add'l Debt	Current	With Add'l Debt	Current	With Add'l Debt	Current	With Add'l Debt	Current	With Add'l Debt	Current	With Add'l Debt	Current	With Add'l Debt
Rating (Moody's)	A1	A1	Aa3	Aa3	Aa3	Aa3	Aa1	Aa1	A1	A1	A1	A1	A2	A2	A2	A2	A1	A1
Viability Ratio	0.5	0.5	2.6	2.3	1.4	1.4	2.0	1.9	1.4	1.2	1.8	1.8	0.4	0.2	0.7	0.7	1.6	1.5
Debt Burden Ratio	4.8%	5.4%	1.7%	1.9%	2.1%	2.1%	3.5%	3.5%	3.9%	4.2%	2.6%	2.8%	1.9%	5.3%	3.3%	3.3%	2.6%	2.7%
QRATE*	4.83	4.85	4.24	4.24	3.65	3.65	2.39	2.39	4.41	4.44	4.55	4.55	6.16	6.24	5.10	5.10	5.07	5.07

Data based on last available audit

*QRATE is a predictive tool provided by Moody's which relies on five key performance measures and statistics to arrive at an estimated rating before and after the issuance of additional debt.

*QRATE required to predict a rating of:

Aa1	2.5 or lower
Aa2	3.5 or lower
Aa3	4.5 or lower
A1	5.5 or lower
A2	6.5 or lower
A3	7.5 or lower

Viability Ratio (times coverage) This ratio indicates one of the most basic determinants of financial health by measuring the availability of liquid and expendable net assets compared to aggregate debt. The ratio measures the medium to long-term health of the University's balance sheet and debt capacity.

Debt Burden Ratio (Percentage) Measures the University's ability to repay annual principal and interest associated with all outstanding debt and its effect on the overall budget. The defined limit for this ratio is intended to maintain the University's long-term operating flexibility to fund existing requirements and new initiatives.